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RESOLUTION 87-38

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency staff has reviewed a loan application from Burbank Housing Development Corp. under the 80/20 State/Local Rental Housing Program for Gravenstein North Apartments and has recommended to the Lending/Insurance Committee of the Board of Directors such loan be approved; and

WHEREAS, the Lending/Insurance Committee has reviewed that loan application and concurs in the recommendation of the staff; and

WHEREAS, the Board of Directors has approved an initial loan commitment Resolution 87-15 on May 14, 1987 for such project; and

WHEREAS, based upon the recommendation of staff and the Lending/Insurance Committee, the Board of Directors has determined that a final loan commitment be made for such project.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Housing Finance Agency:

- (1) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency is hereby authorized to transmit a final commitment letter, subject to the recommended terms and conditions set forth in the attached report of CHFA staff dated June 22, 1987 in relation to a multifamily housing development described as follows:

PROJECT NUMBER	DEV. NAME/ LOCALITY	# UNITS	MORTGAGE AMOUNT
86-28-N	Gravenstein North Apartments	42	\$1,700,000
	Sebastopol		210,000
			(2nd Mortgage)

- (2) The final commitment letter shall specifically state that the commitment is subject to the Agency's ability to sell its bonds in an amount sufficient to fund the commitment.

- (3) The Executive Director, or in the Executive Director's absence, the Director of Programs of the California Housing Finance Agency has the authority

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to modify the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval. All other changes, including changes in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval.

I hereby certify that this is a true and correct copy of Resolution 87-38 adopted at a duly constituted meeting of the Board of Directors of the California Housing Finance Agency held on July 9, 1987 at Sacramento, California.

ATTEST: 
Secretary

State of California

M E M O R A N D U M

To : Lending/Insurance Committee Date : June 22, 1987

From : Warren Seeto
: CALIFORNIA HOUSING FINANCE AGENCY

Subject : Gravenstein North Apartments
Sebastopol, Sonoma County
CHFA # 86-28-N

Action Requested

The purpose of this memorandum is to recommend a Final Loan Commitment under the Agency's 80/20 State/Local Rental Housing Program for the development of 42 units of family housing in the City of Sebastopol. We hereby request a first mortgage in the amount of \$1,700,000 and a second mortgage feasibility loan in the amount of \$210,000. The second mortgage feasibility loan will carry an interest rate of 3%. The CHFA Board of Directors approved an Initial Commitment on May 14, 1987 in the amount of \$1,700,000 for the first mortgage and \$209,000 for the feasibility loan. The developer has obtained a conditional loan commitment from First Interstate Mortgage Company.

Market Study - M.A.I. Appraisal

The firm of William L. Hafner, M.A.I., completed an independent market study and has issued an M.A.I. Appraisal dated April 15, 1987. The appraisal was adjusted June 1, 1987 to reflect the very low income tenant requirements of the Program. The economic value determined by this appraisal is \$2,200,000, which resulted in a 77.27% loan to value. This appraisal is summarized on page 5 of the Application for Mortgage Financing (CHFA-3).

Financial Requirements

Under the State/Local Program guidelines, the normal minimum cash investment of 20% of replacement costs is required from the locality when the sponsor is a non-profit entity. In the case of this project, over 23.6% equity is being provided by the locality, which represents \$527,052. In addition to the

cash equity the developer will be required to post a Bond Security Escrow of \$59,500, which is 3-1/2% of the mortgage amount.

CHFA's permanent loan fee of \$42,500 (2-1/2%) will be deferred until the Agency funds the permanent loan at which time the 3-1/2% Bond Security Escrow will be returned. Also, when the permanent loan is funded, the following escrow is required:

Rent-Up/Operating Expense Reserve	\$39,848.00
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Occupancy Requirements

9 units (20%) must be occupied by very low income tenants. 11 units (29%) must be occupied by low income tenants. The maximum annual rent to be paid by low and very low income tenants will be no greater than 30% of the published income limits (adjusted for family size). The remaining 22 units will not be regulated.